

## Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00  
DOTE-00 INR-07 NSAE-00 FAA-00 L-03 SS-15 NSC-05 SP-02  
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O 142016Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY ROME IMMEDIATE

C O N F I D E N T I A L STATE 056362

E.O. 11652: GDS

TAGS: EAIR

SUBJECT: CIVAIR: US-ITALY CONSULTATIONS

1. DEPT REQUESTED PASS FOLLOWING POSITION PAPER RECEIVED  
MARCH 14: FROM DOT TO US DEL:  
QUOTE....  
DOT POSITION PAPER FOR MARCH 14-15 U.S.-ITALIAN BILATERAL  
NEGOTIATIONS  
DURING THE MARCH 14-15 NEGOTIATIONS WITH THE GOI, THE  
DEPARTMENT OF TRANSPORTATION BELIEVES THE FOLLOWING POINTS  
SHOULD BE MADE REGARDING ITALIAN LANDING FEES AND TRAVEL  
AGENT COMMISSION RATE LEVELS.

1. LANDING FEES  
SINCE THE SOCIETI AEROPORTI DI ROMA (SAR) ASSUMED THE  
OPERATION OF THE ROME AIRPORT IN 1974, ALITALIA HAS RE-  
FUSED TO PAY LANDING FEES AT THE ROME AIRPORT. ON JANUARY  
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31, THE LAZIO REGIONAL ADMINISTRATIVE TRIBUNAL (TAR)  
REJECTED ALITALIA'S CLAIM AND ALITALIA HAS INDICATED IT  
WILL NOT APPEAL THE COURT'S DECISION.

ON FEBRUARY 23, THE SECRETARY OF TRANSPORTATION TRANSMITTED  
A LETTER TO THE SECRETARY OF TREASURY WHICH REQUESTED THAT  
COMPENSATORY CHARGES BE COLLECTED FROM ALITALIA BEGINNING

APRIL 1, 1977. THE SECRETARY NOTED THAT THE USG IS REQUIRED TO ENFORCE ITS OWN STATUTES AND WE HAD MADE EXHAUSTIVE EFFORTS TO RESOLVE THE LANDING FEE DISCRIMINATING THROUGH BILATERAL NEGOTIATIONS.

WE ARE PLEASED THAT ALITALIA HAS ANNOUNCED ITS INTENTIONS TO PAY ROME AIRPORT LANDING FEES, BUT UNTIL THE ITALIAN CARRIER BEGINS PAYMENT OF PAST AND CURRENT LANDING FEES, THE SECRETARY OF TRANSPORTATION'S DECISION TO IMPOSE COMPENSATORY CHARGES REMAINS UNCHANGED.

ON MARCH 3, THE GOI WAS GIVEN A COPY OF SECRETARY ADAMS'S LETTER TO SECRETARY BLUMENTHAL SO THEY ARE AWARE THAT A DECISION HAS BEEN MADE TO IMPOSE COMPENSATORY CHARGES. THUS, THE U.S. DELEGATION CAN ARGUE THAT THE GOI HAS BEEN GIVEN EVERY OPPORTUNITY TO ELIMINATE THE BASIS OF DOT'S 1976 DISCRIMINATION FINDING REGARDING ALITALIA'S NON-PAYMENT OF LANDING FEES.

DOT BELIEVES THE US DELEGATION SHOULD REMIND THE GOI OF THIS FACT AND EMPHASIZE THAT THE USG MUST COMPLY WITH ITS OWN FEDERAL STATUTES. SHOULD SAR FAIL TO CHARGE LANDING FEES TO ALITALIA AND NOT COLLECT SUCH PAYMENTS FROM THE ITALIAN CARRIER BEFORE APRIL 1, 1977, DOT SEES NO ALTERNATIVE TO THE IMPLEMENTATION OF COMPENSATORY CHARGES BY THE DEPARTMENT OF THE TREASURY.

THE SECRETARY OF TRANSPORTATION'S LETTER TO THE SECRETARY OF THE TREASURY WILL BE WITHDRAWN IF ALITALIA BEGINS  
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LANDING FEE PAYMENTS TO SAR. SHOULD COMPENSATORY CHARGES BE IMPLEMENTED, SUCH COLLECTIONS BY THE TREASURY DEPARTMENT WILL CEASE WHEN ALITALIA BEGINS PAYMENTS TO SAR.

DOT SUGGESTS THAT THE U.S. DELEGATION RAISE THE QUESTION OF REDUCED LANDING FEES AT THE ROME AIRPORT. A LARGE PERCENTAGE OF THE AIRCRAFT MOVEMENTS AT ROME CAN BE ATTRIBUTED TO THE ITALIAN NATIONAL CARRIER. THEREFORE, IT FOLLOWS THAT THE LANDING FEE BURDEN ON THE U.S. AND OTHER FOREIGN CARRIERS SHOULD BE REDUCED WHEN ALITALIA BEGINS PAYING ITS FAIR SHARE OF THE LANDING COST. DOT POINTS OUT THAT SAR MAY THEN BE OVER-RECOVERING FROM THE U.S. CARRIERS SERVING ROME IF THE PREVIOUS LANDING FEE SCHEDULE WAS COMPUTED TO COVER THE COSTS WHICH SHOULD PROPERLY HAVE BEEN ALLOCATED TO ALITALIA.

2. COMMISSION RATES IT IS THE DOT VIEW THAT THE CARRIERS SHOULD BE ENCOURAGED TO WITHDRAW THEIR CURRENT COMMISSION SCHEDULES WHICH PERMIT COMMISSIONS OF 23

PERCENT. ALL THREE CARRIERS AGREE THAT THIS RATE IS EXCESSIVE AND MAY LEAD TO A CHAOTIC SITUATION. THE SOLUTION APPEARS TO BE FOR THE CARRIERS TO WITHDRAW THEIR PRESENT TARIFFS, AND TO INDEPENDENTLY FILE SCHEDULES WHICH ARE RELATED TO MARKET-PLACE CONDITIONS. THIS WOULD BE A COMMON SENSE PROCEDURE WHICH WOULD PRECLUDE ANY ALLEGED NEED FOR INTERIM APPROVAL OF THE IATA COMMISSION AGREEMENT. IN ADDITION, IT WOULD BE CONSISTENT WITH THE

U.S. POLICY STATEMENT.

WE UNDERSTAND THAT THE U.S. CARRIERS WILL HAVE REPRESENTATIVES IN ITALY TO DISCUSS THIS PROBLEM WITH THE U.S. DELEGATION.

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## Message Attributes

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